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AND THE BROADCASTING BOARD OF GOVERNORS
OFFICE OF INSPECTOR GENERAL

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Office of Inspections

September 2014

**Inspection of
the Bureau of International Narcotics
and Law Enforcement Affairs**

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PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

PURPOSE AND SCOPE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instances of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability, and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Robert B. Peterson".

Robert B. Peterson
Assistant Inspector General for Inspections

Table of Contents

Key Findings	1
Context	2
Introduction	4
Leadership	5
INL Programming Cycle	7
Front Office Division of Responsibilities	8
Resource Management Oversight	8
Program Office Organization	9
Bureau Organization Findings and Recommendations	11
Foreign Assistance Oversight	12
Decisionmaking and Documentation	12
Country Plans	12
Sustainability	13
Competition	13
Roles and Responsibilities	14
Policies and Procedures	14
Monitoring Performance	15
Strategic Planning and Budgeting	17
Financial Management	18
Automated Financial Management Systems	18
Acquisition Support	19
Training	21
Bureau Orientation	21
Competency Training	21
Foreign Service Institute Training	22
Bureau Communication	22
Records and Files	24
Project Files	24
Records Management	24
Information Management	25
Information Technology Strategic Planning	25
Security Management	27
List of Recommendations	28
Principal Officials	31
Appendix: Human and Financial Resources	32
Abbreviations	33

Key Findings

- The Bureau of International Narcotics and Law Enforcement Affairs is an influential and significant presence among Federal agencies engaged in international law enforcement, counternarcotics, and civilian security. The Bureau of International Narcotics and Law Enforcement Affairs and its programs enjoy broad support from U.S. chiefs of mission in the field.
- The Bureau of International Narcotics and Law Enforcement Affairs has made progress in managing programs but needs to execute systematically standard budgeting, program planning, monitoring, and performance management procedures.
- The Bureau of International Narcotics and Law Enforcement Affairs senior leadership focuses on broad issues of programs and policy but does not regularly engage as active participants in the planning, allocation of resources, and management of foreign assistance programs. Bureau leadership has largely delegated to the working level the responsibility for oversight of, and accounting for, a \$6-billion foreign assistance portfolio.
- The Bureau of International Narcotics and Law Enforcement Affairs structure is not consistent with the Department's organizational principles nor optimally suited to support its operations. Program management is segregated by region and function and is removed from resource management. These organizational problems contribute to the bureau's challenges in program management.
- The Bureau of International Narcotics and Law Enforcement Affairs Office of Resource Management combines too many functions and too much responsibility under one office director, impeding bureau accountability for foreign assistance resources.
- The Department of State's budgeting and accounting systems are not designed to manage foreign assistance. As a direct consequence, the Bureau of International Narcotics and Law Enforcement Affairs staff is required to engage in time-consuming, inefficient, and parallel processes to track the bureau's finances.

All findings and recommendations in this report are based on conditions observed during the on-site review and the standards and policies then in effect.

The inspection took place in Washington, DC, between April 9 and June 24, 2014. Ambassador Robert M. Beecroft (team leader), Seth Winnick (deputy team leader), Richard Behrend, Eric Chavera, Craig Cheney, Karen Davidson, Ellen Engels, Richard English, John Haynes, Georgia Hubert, Ken Moskowitz, John Philibin; Addison Ricks, Ashea Riley, Iris Rosenfeld, Sarah Soun, and Frank Young conducted the inspection.

Context

The Bureau of International Narcotics and Law Enforcement Affairs (INL) is one of only a handful of bureaus in the Department established and structured to manage foreign assistance programs. It is funded primarily by the International Narcotics Control and Law Enforcement (INCLE) foreign assistance account, rather than as part of the appropriation for Diplomatic and Consular Programs. The bureau has its own appropriation, programs, and offices in 40 U.S. embassies. INL's overseas section chiefs are members of ambassadors' country teams.

Congress established the Bureau of International Narcotics Matters in 1978 and gave it authority over an international narcotics control program. Presidential Decision Directive 14 of 1993 changed the emphasis in U.S. counternarcotics strategy from interdiction to helping other nations strengthen their institutions, including police and judicial systems. In 1995, the Department renamed the bureau and expanded its functions to include law enforcement affairs, transnational crime, and money laundering. In 1996, Congress amended the Foreign Assistance Act of 1961 to designate assistance for the prevention and suppression of international criminal activities as a priority for the United States. Congress also provided the President with broad authority "notwithstanding any other provision of law" to furnish international assistance for narcotics control or for other anticrime purposes. The President has delegated authority to the Secretary, and the Secretary has in turn delegated authority to the INL Assistant Secretary. In 2000, President Clinton assigned to the Department lead agency responsibility for reform of criminal justice systems in connection with peacekeeping and complex contingency operations.

In the aftermath of the terrorist attacks of September 11, 2001, the bureau became the *de facto* civilian security assistance arm of the Department in Iraq and Afghanistan. INL assistance programs doubled between FY 2003 and FY 2004. The end of massive U.S. engagement in those countries opens another period of transition for the bureau. In 2013, Presidential Policy Directive 23 on security sector assistance further clarified the lead agency role of the Department, largely delegated to INL, and the coordinating responsibility of chiefs of mission.

INL defines its mission as follows: "Minimize the impact of transnational crime and illegal drugs on the United States, its citizens, and partner nations by providing effective foreign assistance and fostering greater bilateral and multilateral law enforcement and rule of law cooperation." INL employs training, assistance, partnerships with U.S. and foreign law enforcement institutions, and diplomatic collaboration with foreign governments to support its mission. Its anti-crime programs target corruption and transnational criminal networks that move drugs and launder money. INL's counternarcotics assistance helps interdict illicit drugs and dismantle drug trafficking organizations. Its rule of law programs build host nations' criminal justice systems in areas such as law enforcement, courts, prosecutors, criminal defense, and corrections.

The bureau has a Washington-based staff of some 350 people. Four geographic offices manage country programs and support overseas INL sections. Three functional offices provide international law enforcement and counternarcotics policy direction, coordination with multilateral organizations, justice sector expertise, and technical assistance. Two of these offices manage some assistance programs. One functional office contains a public affairs and public diplomacy unit. Close to half the bureau's Washington-based staff works in the eight divisions of

the Office of the Controller/Resource Management, which is responsible for administering billions of dollars in obligated foreign assistance funds, developing doctrine for strategic planning and assistance programs, and providing bureau administration and support.

INL sections—with more than 900 U.S. and locally employed staff members at 40 diplomatic missions—make up the bureau’s full-time overseas presence. Officers at 25 other overseas missions manage INL programs on a part-time basis.

INL manages a \$6-billion foreign assistance project portfolio with programs in 91 countries. Its annual budget declined—from \$1.9 billion in FY 2013 to \$1.4 billion in FY 2014, with \$1.1 billion requested for FY 2015—marked by reductions in major accounts, including Afghanistan, Colombia, and Mexico.

Introduction

In performing this regularly scheduled inspection of INL, the OIG team conducted a confidential survey of bureau staff focused on the quality of leadership and supervision; overall strengths and weaknesses of the bureau; the quality of bureau services; and possible waste, fraud, and abuse. The team also sent confidential surveys to 49 staff members managing INL programs overseas and received 29 responses. The team also surveyed 37 chiefs of mission in INL program countries and received 16 responses. The team interviewed more than 300 bureau employees and observed regular bureau internal meetings. Inspectors examined the bureau's program management and oversight procedure and policy documents and, using discretionary criteria, sampled and reviewed more than 70 project files, including grants, contracts, interagency agreements, and bilateral letters of agreement from all regions. These projects represent slightly less than 50 percent of the \$1.1 billion that INL obligated in FY 2013.

The judgments in this report are based on those interviews, documents, surveys, and observations and reflect the conclusions of an inspection team with substantial experience covering all functions of the Department at overseas missions and in Washington.

This inspection was limited to INL's Department-based operations, including centrally managed foreign assistance programs, as well as support for INL sections at embassies overseas and the assistance programs they manage. The overseas sections themselves were not part of this inspection.

Programs and projects INL manages have been the subject of 95 audit and inspection reports during the past 5 years by the Department of State OIG, the U.S. Government Accountability Office, the Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, the United States Agency for International Development (USAID), and the Departments of Defense and Justice. A number of audits, inspections, and investigations were ongoing during this inspection. This inspection took care not to duplicate audits and other assessments that were ongoing, completed, or planned.

A unique feature of INL is its Office of Aviation, commonly known as the Air Wing. Headquartered at Patrick Air Force Base in Florida, the Air Wing has a staff of 80 plus a contractor workforce of 1,600 and operates 150 aircraft around the world in support of INL programs and other Department aviation requirements. The Inspection team determined that the Air Wing—a distinct entity in terms of its operations, program, staffing, and location—was beyond the scope of the present inspection and should be the subject of a separate inspection or audit.

Leadership

The Assistant Secretary for International Narcotics and Law Enforcement Affairs is a career Ambassador, the most senior rank in the Foreign Service. He assumed leadership of INL in 2011, as the bureau was contemplating its fourth major reinvention in as many decades. In 2013, the Assistant Secretary implemented a draw down of the bureau's Iraq portfolio of \$850 million to a small residual program in the span of 4 months. At the time of the inspection, he was overseeing a realignment of programs that the United States had "surged" in Afghanistan, beginning in 2009.

The Assistant Secretary has faced demands from Department officials and other Washington agencies to use INL's program management infrastructure and assistance funding as a crisis response tool. With budgets declining, he enunciated strategic guidance—derived from Presidential Policy Directives and the Quadrennial Diplomacy and Development Review (QDDR)—directing INL funding to programs clearly within the bureau's mandate of supporting civilian security sector development. Given the magnitude of the challenges that confront INL, the Assistant Secretary takes the long view that INL's work is a decades-long endeavor, and he sets an example of assurance and resolution in leading the bureau.

He instructed bureau staff members to allocate resources on the basis of chief of mission priorities for achieving foreign policy and national security objectives. He also limited INL commitments to those new programs and projects that INL can design and monitor. For example, inspectors observed the bureau reprogram funding—on short notice—to increase its support for justice sector reform in Ukraine, where the bureau has an ongoing program and personnel on the ground. In contrast, the Assistant Secretary declined to engage INL in the search for kidnapped girls in Nigeria, insisting that INL programs would be appropriate for longer-term justice sector development and institution building, not for supporting a rescue mission.

Under the direction of the Assistant Secretary, INL has improved its relations with other agencies working in the justice sector. The inspection team's survey of chiefs of mission in INL program countries showed strong support and cooperation between the bureau and the chiefs of mission and their country teams.

INL's Functional Bureau Strategy provides a framework for connecting its broad range of mandates with its programs. The Strategy defines how the bureau matches its tools, in particular its multi-billion-dollar foreign assistance portfolio, with U.S. foreign policy goals. Bureau staff members are familiar with the Strategy and use it to map program development.

According to confidential surveys and inspectors' interviews, the bureau's four Deputy Assistant Secretaries (DAS)—three Foreign Service Officers and one Civil Servant—are well regarded. Management of the bureau has strengthened steadily under the current Assistant Secretary, according to a number of observers.

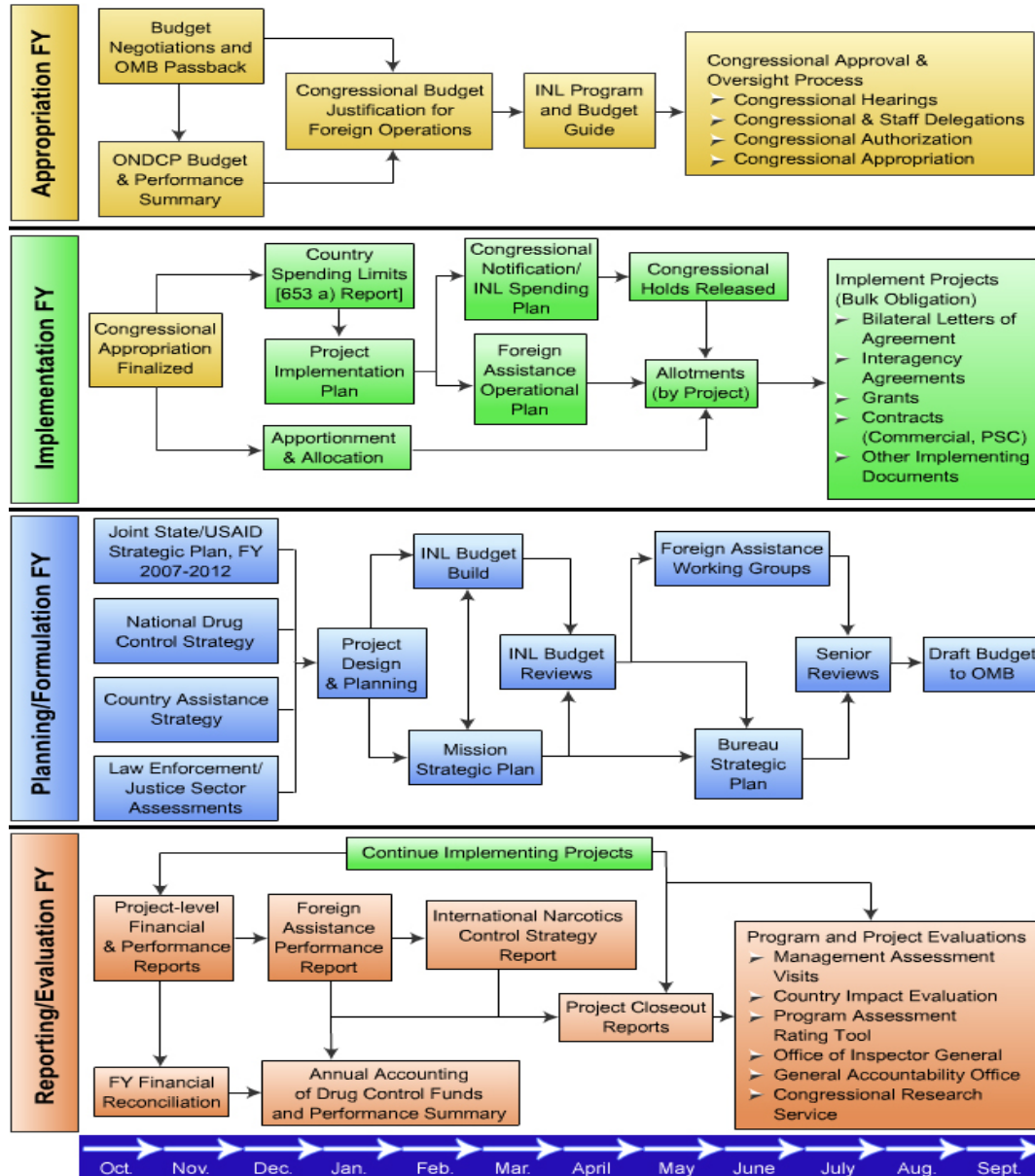
Notwithstanding the capabilities of INL's leadership and its experience in policy development, OIG inspectors found that INL's overall management of foreign assistance resources—including program design, implementation, monitoring, and evaluation processes—is inconsistent and in many cases does not meet INL or broader U.S. Government requirements.

Numerous audits and inspections—including by OIG, the U.S. Government Accountability Office, and the Special Inspectors General for Iraq and for Afghanistan Reconstruction—have documented these problems.

Inspectors found that the bureau's processes for program approval and resource allocation do not raise to the level of senior leadership key issues regarding program design and performance or consideration of project outcomes. The organizational structure of the bureau separates program management from resource management to the detriment of both. The Assistant Secretary told the inspectors that his philosophy was based on delegating authority for INL programs, rather than on centralized control, and that INL programs followed a flexible approach by country and by region, rather than a "universal standard."

Inspectors noted that the process for budgeting and obtaining appropriated funds is lengthy and labor intensive at all levels in the bureau. Compliance with various notifications and certifications required by congressional appropriations can take more than a year. More than halfway through FY 2014, congressional notifications and clearances remained pending, preventing INL from programming FY 2013 INCLE appropriations. One effect is that leadership pays more attention to obligating foreign assistance funds than to program oversight.

INL Programming Cycle¹



Inspectors determined that INL senior leadership focuses on the processes for the appropriation fiscal year (see above chart) and for implementation of the fiscal year appropriation, particularly execution of implementing documents to obligate funds. Senior leadership involvement decreases at the planning level and seldom engages in project design, planning, and approval, although it does participate in INL's budget formulation, budget reviews, and foreign assistance working groups. Neither the Assistant Secretary nor the deputy assistant secretaries are consistently involved at the reporting/evaluation (monitoring and evaluation)

¹ INL Program and Project Management Course, Foreign Service Institute PP 420.

phase, where performance and sustainability issues that may require corrective action or that may influence future decisions on resource allocation are more likely to arise.

Front Office Division of Responsibilities

At the outset of the inspection, the Assistant Secretary invited the inspectors to pay attention to bureau structure. The INL front office organizational chart has gone through four iterations in the past 5 years, as duties and responsibilities have moved among the four DAS positions. At the time of the inspection, each DAS was assigned one regional portfolio and one functional office. The Principal DAS was responsible for the Office of Resource Management, the Air Wing, and the Office of Europe and Asia Programs.

Inspectors found that the three functional offices, each reporting to a different DAS, have overlapping responsibilities. Splitting these functional offices among the DAS positions, grouping each of them with an unrelated regional office, has led to stovepiping. INL staff at all levels stated that the division of responsibilities among the functional offices was not logical. Each of the four geographic offices has different procedures for broadly similar functions. Offices do not regularly learn from each other's successes and failures. Of note, the Office of Western Hemisphere Programs has resolved many problems that continue to exist in the other regional offices. This office is, to a considerable degree, the "old" Bureau of International Narcotics Matters and has the benefit of 35 years of practical experience. The bureau would benefit from grouping like functions more closely in the organization of DAS responsibilities, in accordance with the Department's organizational principles, contained in 1 FAM 014.7. The inspection team suggested to the Assistant Secretary that he reexamine the DAS positions as they turn over to more closely align like functions, improve communication among offices, and reduce stovepiping.

Resource Management Oversight

The Office of Resource Management comprises half of INL's Washington-based staff. Eight divisions report to a Senior Executive Service office director, who is dual-hatted as the bureau's controller and executive director. RM functions include strategic planning, budget formulation, contract and grants administration, budget execution, program evaluation, audit oversight, human resources, information technology, security, and administrative services. The roles and responsibilities of some of RM's divisions overlap. Others belong more appropriately elsewhere in RM or INL. Grouping dissimilar functions in one large office results in a wide span of control, contrary to 1 FAM 14.5, that creates decision bottlenecks and slows information sharing with the program offices and the Front Office.

Inspectors determined that RM combines three distinct functions:

- comptroller functions, managing INL's \$6 billion in program funds, implementing agreements and procurement (currently RM's Budget Execution Division, Contract Administration Support Division, Grants, Acquisitions and Procurement Policy Division, and the Audit and Oversight Services division, exercise comptroller functions);

- planning and budgeting functions, including annual budget request, bureau strategies, and program management doctrine (RM's Budget Policy Division and Program Assistance and Evaluation Division currently perform these functions);
- executive office functions, including human resources, information technology, and general services and security.

Dividing these functions into three offices would strengthen each function, eliminate one supervisory layer, and encourage closer interaction between the comptroller/strategic planning functions and the front office/policy and program offices.

Recommendation 1: The Bureau of International Narcotics and Law Enforcement Affairs should divide the Office of Resource Management into three offices: an Office of the Comptroller; an Office of Strategic Planning and Budgeting; and an Executive Office—all three reporting to the same deputy assistant secretary. (Action: INL, in coordination with DGHR)

Program Office Organization

The bureau's staffing for policy direction and coordination and for program support is divided among three functional offices. Each of the three offices reports to a different DAS, thus contributing to the stovepiping problem.

Public Affairs and Public Diplomacy

The Office of Policy, Planning, and Coordination houses three distinct functions: drug control policy issues; relations with multilateral organizations, including some assistance programs implemented by these organizations; and public affairs and public diplomacy. The Public Affairs and Public Diplomacy unit supports the entire INL bureau and its overseas sections and has little interaction with the other units in the office. Typically, Department press officers and advisors work closely with principals, but INL's senior public affairs officer is separated from the Assistant Secretary by four levels of hierarchy. At the time of the inspection, the INL front office was planning to hire a media advisor to support the front office as a workaround intended to address this disconnect.

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs should move the Public Affairs and Public Diplomacy unit to the front office. (Action: INL)

Policy Direction, Coordination, and Program Support

The Office of Anticrime Programs directs policy on anticorruption, anti-money laundering, border security, alien smuggling, transnational organized crime, cybercrime, wildlife trafficking and drug demand reduction. It also manages drug demand reduction programs (approximately \$13 million for FY 2014) and serves as the bureau's subject matter expert in this area. The office also manages five International Law Enforcement Academies located in Hungary; Thailand; Botswana; El Salvador; and Roswell, New Mexico (approximately \$32 million for FY 2014 for the five academies). The International Law Enforcement Academies draw on approximately a dozen federal law enforcement agencies to provide regional training and technical assistance to build foreign law enforcement capabilities.

In 2010, INL created the Office of Criminal Justice Assistance and Partnership to provide subject matter expertise and program support in police, justice, and corrections training, including management of assistance provided through U.S. state and local partners or other implementers. While most training activities are conducted in program countries, the office also manages training for foreign corrections officers at state-run centers in Colorado and New Mexico, similar to the International Law Enforcement Academy model. The Office of Criminal Justice Assistance and Partnership has also used its state and local justice and law enforcement trainers to support the Office of Anticrime Programs International Law Enforcement Academy training activities.

Responsibilities overlap among the Office of Policy, Planning, and Coordination; the Office of Anticrime Programs; and the Office of Criminal Justice Assistance and Partnership. These offices' portfolios were the result of an accretion of duties over time, rather than sound planning or a logical division. For example, the Office of Policy, Planning, and Coordination is not responsible for planning and has policy and coordination responsibility only for narcotics and relations with multilateral organizations. Grouping like functions together would result in a consolidation of policy direction functions in one office and program and technical assistance expertise in another.

Recommendation 3: The Bureau of International Narcotics and Law Enforcement Affairs should reorganize the Office of Anticrime Programs; the Office of Criminal Justice and Assistance Partnerships; and the Office of Policy, Planning, and Coordination into two offices, one of which should be responsible for policy direction and coordination and the other responsible for training, justice system subject matter expertise, and technical assistance. (Action: INL, in coordination with DGHR)

Africa and Middle East Programs

INL's Office of Africa and Middle East Programs is the largest of the bureau's four geographic offices, with 40 staff in 2 divisions. In June 2013, INL closed its Office of Iraq and merged it into the Office of Africa Middle East Programs. The office oversees programs in 30 countries, of which only 13 have resident INL staff.

The span of control requires that the office director and deputy oversee all the country programs in two regions of great size and complexity. Division chiefs are overextended. Their divisions meet the 1 FAM 14.7 (d) criteria for stand-alone offices. Supervision and quality control over project design and performance management are impeded. Communication between the Africa and Middle East divisions of the office is minimal due to different program strategies and management practices.

INL employs distinct program strategies and management models for the two regions. Africa programs emphasize transnational organized crime, drug trafficking, post-conflict stabilization, security reform, and criminal justice. INL also coordinates major regional initiatives, such as the West Africa Cooperative Security Initiative and the Trans-Sahara Counter Terrorism Partnership. Programs in Africa are relatively labor intensive, with a portfolio of 81 projects, valued at \$77.9 million. Middle East programs, which account for 84 percent (\$348 million) of the office budget, are spread among 64 projects. These focus on criminal justice and

corrections following the Arab Spring, counterterrorism, programs to address the refugee influx in countries neighboring Syria.

OIG Inspectors observed that both regions are volatile—requiring agility as INL adjusts to changing political situations—and both portfolios are growing. Programs in Africa are absorbing new policy objectives to combat wildlife trafficking and to increase the number of countries involved with the West Africa Cooperative Security Initiative. Programs in Africa are absorbing new policy objectives to combat wildlife trafficking and to increase the number of countries involved with the West Africa Cooperative Security Initiative. Middle East programs addressing issues in Syria and Libya are also expanding. The INL resident staff in both regions is limited, and programs rely on Washington-based staff for program development and management.

Splitting Middle East programs and Africa programs into two separate offices would allow the bureau to better manage existing resources and better adapt to anticipated program changes. It would also permit the creation of two teams in each office. This would facilitate more effective supervision and program oversight. The bureau is cognizant of the issue and has been considering whether to “flatten” the structure of the existing Office of Africa and Middle East Programs into four teams. While this might ease supervisory burdens, it perpetuates the grouping of two large and substantively and programmatically different regions and does not address the resulting problems associated with program oversight and resource management.

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the Bureau of Human Resources,² should divide the Office of Africa and Middle East Programs into two separate geographic offices. (Action: INL, in coordination with DGHR)

Bureau Organization Findings and Recommendations

At the conclusion of the inspection, the team shared its findings with bureau leadership and office directors. Bureau leadership did not concur with the organizational recommendations above, although generally accepting the process recommendations related to the foreign assistance programs detailed below. The team determined that problems with the structure and organization of the Office of Africa and Middle East Programs, the three functional offices, and the Resource Management office were key factors underlying the bureau’s problems and shortcomings in program management. Resolving these organizational issues is integral to improving program management and to addressing the recommendations below.

² The role of the Bureau of Human Resources in the organizational review and approval process is specified in 3 FAM 2615.4 and 2615.5.

Foreign Assistance Oversight

INL has made progress since the Department issued the first QDDR in 2010 in managing its foreign assistance programs. Initiatives include development of new doctrine and operating procedures, establishing an office of subject matter experts to support project life cycles, a human capital development plan, and a knowledge management initiative to make information widely accessible to staff. In spite of these advances, INL has not met the QDDR standard to “substantially strengthen INL’s program management and oversight capabilities to increase accountability and operational effectiveness, including the processes by which INL designs, implements, oversees, and measures its programs.” Training is not keeping pace with new doctrine. Program officers and other staff members are not keeping complete records. The bureau needs to exercise greater quality control to ensure that program officers follow standards and procedures.

Decisionmaking and Documentation

The bureau falls short in documenting its internal deliberations, decisions, and procedures. While bureau principals are clear in their instructions to senior staff, these are not consistently disseminated below the office director level. The Assistant Secretary and deputy assistant secretaries use thrice-weekly senior staff meetings to make decisions and issue instructions, but the bureau keeps no formal record of these decisions and does not disseminate meeting notes. The result is duplication of effort, inconsistent communication, lack of decision records, and the absence of the Assistant Secretary’s voice at the working level.

Recommendation 5: The Bureau of International Narcotics and Law Enforcement Affairs should systematically record and disseminate policy and program decisions and taskings, including those issued in front office meetings. (Action: INL)

Country Plans

Each INL office employs a different approach to program planning and monitoring. The regional offices do not regularly share best practices with each other, and the quality of planning varies from region to region. Country planning documents do not contain performance information needed for decisionmakers to address implementation problems, financial management difficulties, or issues of congressional interest. The bureau has no criteria or standard practices for presenting country plans to the front office for approval. Without this information, decisionmakers lack information about what is working and what needs to be corrected.

The Office of Western Hemisphere Programs, INL’s longest established unit, uses country plans to translate U.S. Government and bureau strategies into action on the ground. A country plan helps prevent diversion of funds to non-strategic purposes, provides a framework for developing new projects, and defines objectives. The plans are used as reference documents and as guides for program implementation.

Planning at the country level helps sort out priorities and ensures that the limited funds available for each country go to projects that are good investments. The Department’s

Performance Management Guidebook and associated INL guidance contain instructions, derived from the Government Performance and Results Act of 1993, that require use of performance information to guide decisions on resource allocation.

Recommendation 6: The Bureau of International Narcotics and Law Enforcement Affairs should require that each regional program office develop country plans in alignment with Integrated Country Strategies and other applicable strategic planning instruments, integrating performance information, for every country in which it conducts programs or projects. (Action: INL)

Sustainability

INL programs do not consistently include sustainability in project design or as a performance measure for monitoring and evaluation. The ability of partners to sustain further progress on their own is a goal of development cooperation under 18 FAM 55.1. OIG inspectors' review of INL project files showed that few contained information or metrics assessing how the host country could maintain the project outcomes after the end of INL assistance.

Bureau guidance on sustainability in project design is scattered among several documents and training programs. The bureau's Project Design Guidebook discusses the need for sustainability analyses but provides only general guidance and does not include the development of valid metrics. INL's "Introduction to INL Program and Project Management" course introduces the requirement for Performance Measurement Plans for INL projects but provides no guidance on how to develop appropriate sustainability indicators. One INL office has developed its own standard indicators and performance measures, but other offices have not adopted this tool. USAID in 2012 also developed a detailed "Sustainability Design Tool," which provides useful guidelines and criteria for project designers.

Sustainability is one of the five "foreign assistance effectiveness principles" in the QDDR, and INL programming guides require that projects include goals and metrics to assess the sustainability of projects following the end of U.S. Government assistance. However, INL does not enforce this requirement. Programs are unlikely to achieve sustainable outcomes unless the concept is incorporated and evaluated across the project life cycle. Annual project reviews and regular office portfolio reviews, focusing on project performance toward achieving sustainability, would help program officers integrate this critical consideration into their regular monitoring and evaluation duties.

Recommendation 7: The Bureau of International Narcotics and Law Enforcement Affairs should develop sustainability guidance that includes best practices and contains standardized metrics that are required for performance measurement plans. (Action: INL)

Competition

INL does not consistently encourage competition in awarding grants. In FY 2013, INL awarded 82 of 250 grants and cooperative agreements with sole-source justifications instead of full and open competition, as outlined in Grants Policy Directive 5, Revision 4, from the Office of the Procurement Executive. While 74 of the grants were for travel or property or amendments to existing grants, INL could use Fixed Obligation Grants as outlined in the Office of the

Procurement Executive Grants Policy Directive 35, Revision 1, which permits grants officers to use the fixed obligation grant for grants valued at \$25,000 or less. Inspectors recognize the uniqueness and occasional urgency of INL programs; however, decisions not to compete grants were often poorly justified. By competing its grants awards on www.grants.gov, INL can promote fairness, transparency, and cost-effectiveness in the selection process.

Recommendation 8: The Bureau of International Narcotics and Law Enforcement Affairs should use full and open competition as the default mechanism for awarding grants and cooperative agreements. (Action: INL)

Roles and Responsibilities

Inspectors found that INL staff in program offices are unclear about the respective roles of INL's Washington-based program officers, INL's Washington-based resource management staff, the Bureau of Administration Office of Acquisitions Management staff (AQM), overseas INL section direct-hire and locally employed staff, and, in some cases, project grantee or contractor staff in managing foreign assistance. The reason for the confusion is that the bureau has no comprehensive guidance that defines each role and its relation to other roles. For example, one bureau office developed its own guide for program officers, but it does not define the roles of other staff in the program management process, and it is not used in other bureau offices. The Department's Grants Policy Directive Number 28 defines roles and responsibilities for grants officers, grants officer representatives, and budget and finance officers but defines responsibilities for program officers only during the pre-award phase. The *Foreign Affairs Handbook* (14 FAH-2 H-140) establishes responsibilities for contracting officers and contracting officer representatives.

The program staff's lack of understanding of the roles and responsibilities of different functions creates the risk that some program management functions will be neglected, that different staff will give conflicting guidance to implementing partners, or that staff will attempt to act beyond their authority.

Recommendation 9: The Bureau of International Narcotics and Law Enforcement Affairs should define specific roles and responsibilities for program management across the life cycle of a program, both in Washington and overseas. (Action: INL)

Policies and Procedures

Within the past 2 years, the bureau has developed 4 major new guides to program design and management³ and issued 92 standard operating policies and procedures, including 63 in 2014, 35 of which were between April and June. Although program and financial management staff members welcome them, these initiatives also create management challenges. Bureau managers recognize that the large volume of material creates a demand for training, an issue addressed elsewhere in this report.

³ Project Design Guide 6/20/12, Guide to Results Frameworks 6/20/12, Guide to Developing a Performance Measurement Plan 6/20/12, and Financial Management Handbook 6/14.

Staff members are uncertain about what is required and what is optional. For example, the Project Management Information System is a SharePoint-based platform that RM developed to track projects, but it is neither mandatory nor broadly used. Program officers are the main customers for new guidance, but they receive little advance warning or consultation before RM rolls out new guidance. Offices do not have sufficient opportunity to influence the content of new templates. As a result, delays arise in project-related actions and in reworking existing documents.

Recommendation 10: The Bureau of International Narcotics and Law Enforcement Affairs should standardize its process for drafting, testing, disseminating, and implementing all new program management policies and procedures. (Action: INL)

Monitoring Performance

INL does not apply consistent standards for monitoring and documenting program performance. Consequently, it is difficult for the bureau to determine what adjustments are needed, plan effective programs, justify resource requests, report results to oversight entities, and engage in policy dialogue with stakeholders. The bureau's *Standard Operating Policy/Procedures on Monitoring and Evaluation of Programs*, issued in April 2014, contains a quarterly progress report template, but all officers do not use it for all programs. Letters of agreement with host governments contain standard provisions that require periodic bilateral meetings to evaluate progress and report on these evaluations. The team surveyed program officers across regional offices, only one of whom could confirm that this requirement is being met. Inspectors' review of project files showed that in many cases, performance metrics were not measureable or verifiable or were absent altogether. Frequently, performance monitoring documents in the files were nothing more than activity reports from the project implementer.

U.S. Government, Department, and bureau policies require regular monitoring of program performance. INL's *Standard Operating Policy/Procedures on Monitoring and Evaluation of Programs* and the Department's Grants Policy Directive Number 42 describe monitoring as a periodic assessment of results to ensure good stewardship of funds. The 2013 Presidential Policy Directive 23 on Security Sector Assistance specifies that resource allocation should be evaluated on the basis of several factors, including performance against measures of effectiveness.

Recommendation 11: The Bureau of International Narcotics and Law Enforcement Affairs should make compliance with its *Standard Operating Policy/Procedures on Monitoring and Evaluation* mandatory. (Action: INL)

Trip Reports

INL does not have a policy on documenting official travel to program countries and projects. INL officers travel frequently to their respective countries to monitor and evaluate programs. INL's Office of Western Hemisphere Programs requires its officers to submit trip reports that record key information, conclusions, and recommendations. These documents usually provide extensive reporting on projects in the area and become part of the country program file. Other INL offices encourage trip reports but do not require them. In many cases, no record exists of what a trip achieved, the status of programs or projects visited, or problems to

address. Inspectors' review of project files confirmed that few contained trip reports that document project performance.

Recommendation 12: The Bureau of International Narcotics and Law Enforcement Affairs should require all staff to submit trip reports promptly. (Action: INL)

Strategic Planning and Budgeting

INL lacks a standard process for using performance results to inform strategic planning and budgeting. The Department's Program Evaluation Policy in 18 FAM 316.2 states that "evaluations are only meaningful if they are used," and that bureaus should "integrate evaluation findings into decisionmaking about strategies, program priorities, and project design, as well as into planning and budget formulation processes."

The RM Program Assistance and Evaluation Division coordinated drafting of the INL Functional Bureau Strategy for FY 2014–FY 2016. Written in 2012, the strategy declares INL's intention to integrate performance monitoring and evaluation findings better into decisionmaking about strategies and budget formulation. The Functional Bureau Strategy also notes the development of a Program Management Dashboard to provide each country program with a standard means of tracking its programmatic information. The dashboard, which remains in the planning stage, could be an effective tool to integrate performance into the bureau's strategic planning and budgeting.

RM's Budget Planning, Formulation, and Presentation Division prepares INL's annual Bureau Resource Request, which is keyed to the INL Functional Bureau Strategy. The 2016 Bureau Resource Request states that INL used program performance information to inform and support the submission, but INL was unable to document for the inspection team whether and how performance results factored into the request. No evidence from specific program monitoring and evaluations is included. Inspectors could not ascertain whether and how performance results affect resource allocation. Without a standard process, as required by Presidential Policy Directive 23 on Security Sector Assistance and the QDDR, foreign assistance funds may be spent on ineffective programs.

Recommendation 13: The Bureau of International Narcotics and Law Enforcement Affairs should integrate performance outcomes and evaluation findings into its strategic planning and budgeting process. (Action: INL)

Financial Management

Automated Financial Management Systems

The Department's automated budget and accounting systems are not designed to manage foreign assistance programs. Neither the domestic Global Financial Management System and its data repository (Data Warehouse) nor the overseas Regional Financial Management System and its data repository (Consolidated Overseas Accountability Support Tool) have the collection, tracking, and analysis capacity to track funding and expenditures by program, project, or—information that Congress, the Office of Management and Budget, and the Department's own comptroller routinely request. As a result, INL field office staff, as well as budget execution analysts in Washington, must manually pull information from a variety of sources on obligations, subobligations, and liquidations of program funds to create “cuff records”⁴ of their own design in the form of Excel spreadsheets. This process is time consuming and subject to human error, resulting in an inability to reconcile field, Washington, and automated records as well as vulnerability to waste, fraud, and abuse.

One consequence of INL's inability to track adequately all unliquidated obligations monthly, in accordance with 4 FAM 225, is that the bureau cannot generate timely reports on funds available for reprogramming before they expire. At the end of FY 2013, for example, out of \$1.2 billion in centrally managed unliquidated obligations, INL deobligated \$503 million, including \$58 million that it returned to the U.S. Department of the Treasury. Until a viable financial management system is in place, the preparation of monthly reports of unliquidated obligations by program, project, and country will remain time-consuming and incomplete. Yet, despite the inadequacy of both the Global Financial Management System and Regional Financial Management System in managing foreign assistance programs, the Department requires that all bureaus use them for funds control.

This issue extends beyond INL to all the Department's foreign assistance functions. A recommendation in OIG's 2011 inspection of the Office of U.S. Foreign Assistance Resources⁵ called for a study to determine whether there are cost-effective solutions for collecting timely data on budget execution. OIG closed the recommendation in May 2013 when the Office of U.S. Foreign Assistance Resources submitted a report on budget execution and noted that the Office was working with the Bureau of the Comptroller and Global Financial Services to finalize financial information for inclusion on ForeignAssistance.gov on a quarterly basis, which will make the information available to Department offices and the public.

Nevertheless, system deficiencies remain. The 2014 inspection of the Bureau of International Security and Nonproliferation⁶ found nearly identical issues hampering the management of that bureau's \$600-million foreign assistance portfolio. That report recommended that the Bureau of International Security and Nonproliferation work with the

⁴ A manual accounting system, which can take any form that meets an organization's needs, to track financial activity. Derived from keeping accounts on the “cuff” of a shirt.

⁵ *Inspection of the Office of the Director of U.S. Foreign Assistance*, ISP-I-11-57, August 2011.

⁶ *Inspection of the Bureau of International Security and Nonproliferation*, ISP-I-14-19, July 2014.

Bureau of Information Resource Management and with the Bureau of the Comptroller and Global Financial Services to standardize systems and create a single searchable database.

INL's efforts to adapt the Global Financial Management System and the Regional Financial Management System to accommodate the funding of INL programs have thus far not been fully responsive to bureau financial management system needs. In 2009, INL contracted out services to deploy a bureau financial reporting system called the Local Financial Management System for all INL domestic and overseas finances. According to INL officials, overseas buy-in was difficult since overseas mission financial management sections supporting INL had to reconcile the Department's Regional Financial Management System with the Local Financial Management System. After investing approximately \$2.3 million from 2009 to 2013, INL made a cost-benefit decision to discontinue worldwide use of the Local Financial Management System and pursue efforts to adapt Department systems to accommodate INL needs.

During the course of the inspection, the Bureau instructed field personnel and Washington analysts to put their "cuff records" into a uniform format—in effect, seeking to standardize an existing workaround. At the direction of the Deputy Executive Officer, a working group including representatives of INL/Resource Management and the Bureau of the Comptroller and Global Financial Services was attempting to adapt systems to accommodate INL's needs, but INL forecasts the process will take several years and may not address all the issues. A more promising approach could be to explore near-term alternatives, such as adopting systems already developed and in use by USAID, or contracting with USAID to provide direct back-office functions for the Department's foreign assistance programs. The Office of Management Policy, Rightsizing, and Innovation, whose stated vision includes working with stakeholders to identify and resolve enterprise-wide issues, should take the lead in finding a comprehensive solution to support all bureaus managing foreign assistance.

Recommendation 14: The Office of Management Policy, Rightsizing, and Innovation, in coordination with the Bureau of U.S. Foreign Assistance Resources, the Bureau of the Comptroller and Global Financial Services, and the Bureau of Information Resource Management, should convene a working group with a mandate to adapt existing Department systems or to adopt or develop an alternative system that would provide timely, accurate information needed to manage foreign assistance. (Action: M/PRI, in coordination with F, CGFS, and IRM)

Acquisition Support

The Office of Acquisitions Management (AQM) performs procurement functions for all INL non-commercial contracts and commercial item contracts that exceed the \$5-million warrant limits of INL contracting officers. Inspectors found lengthy delays with contract awards. Some complex contracts require more than a year to award. INL pays a 1-percent surcharge on the amount of each transaction to the Department's Working Capital Fund. At this rate, payments for the FYs 2012–2013 period exceeded \$7 million.

As noted in a 2013 OIG audit report,⁷ AQM is not adequately staffed to provide timely procurement services. The audit found that the number of AQM contracting officers and procurement specialists did not grow commensurate with the surge in Department procurement activity. During the inspection, a single AQM employee was dedicated to INL on a full-time basis, assisted by 11 others. AQM plans to enlarge the INL unit within AQM and increase the AQM staff at the Regional Procurement Support Office in Fort Lauderdale. This staff shortage impaired critical contractual actions for interdiction, justice, and correction programs.

INL ranks 13th among AQM customers in number of transactions and 5th in amount of funds obligated. INL contracts are some of the largest and most complex that AQM processes. For the period FY 2012–FY 2013, AQM processed 678 transactions for INL, representing more than \$700 million in obligated funds. INL currently has two contracting officers with limited warrants of \$5 million for commercial items and \$250,000 for non-commercial items. The bureau has demonstrated that it can successfully and expeditiously process these contracts. Department of State Acquisition Regulation 601.603-70(5) delegates authority to the AQM director to enter into and administer contracts for the expenditure of funds involved in the acquisition of supplies and services, including construction. Increasing INL's contracting officer warrants levels to the government-wide authorization of \$6.5 million for commercial items and \$1 million for non-commercial items, as well as orders under existing contracts up to the maximum order limit, would permit INL contracting officers to focus on the smaller, less complex awards and reduce the number of transactions AQM processes for INL. This would also permit AQM to focus on INL's large, complex contracts. With two additional warranted contracting officers, INL would be able to ensure contractual actions are processed in a timely and efficient manner.

Recommendation 15: The Bureau of Administration should revise the Bureau of International Narcotics and Law Enforcement Affairs contracting warrants to increase warrant levels to \$6.5 million for commercial items, \$1 million for non-commercial items, and up to the maximum limitation for orders under existing contracts and should grant these warrants to four Bureau of International Narcotics and Law Enforcement Affairs contracting officers. (Action: A)

In an effort to improve working relations, INL and AQM executed their first service-level agreement on April 15, 2014. The agreement outlines responsibilities and key performance indicators for forecasted volumes of services. The agreement requires quarterly review meetings to discuss quality, timeliness, customer service, and changes in customer requirements.

Recommendation 16: The Bureau of Administration, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should revise the service level agreement provision for quarterly reviews to include both an accounting of time AQM devoted to INL service during the previous quarter and an accounting of turnaround time for each transaction, so that both parties can assess whether the level of service provided is adequate in relation to the fees paid. (Action: A, in coordination with INL)

⁷ *Audit of Department of State Application of the Procurement Fee to Accomplish Key Goals of Procurement Services*, AUD-FM-13-29, May 2013.

Training

INL lacks a systematic approach to training staff. Despite an extensive library of training catalogs and a 2012 Human Capital Development Plan, INL does not ensure that staff members have the core skills necessary to do their jobs.

Bureau Orientation

INL lacks an orientation procedure to teach new employees their job responsibilities and requirements. The bureau updated its New Employee Handbook in March 2014. Two regional offices have created their own employee handbooks to help new employees settle in. Both offices update these handbooks separately when the bureau issues new guidance and procedures. Despite these efforts, new staff struggle with program management and the basics of how to get things done in the bureau. The Foreign Service Institute offers an INL orientation workshop once a year, but it is oriented primarily to INL officers going overseas.

Recommendation 17: The Bureau of International Narcotics and Law Enforcement Affairs should establish a “boot camp” for all new domestic staff which covers the basic doctrines, procedures, and training requirements needed to assume their responsibilities. (Action: INL)

Competency Training

New employees, both Civil and Foreign Service, generally do not have prior experience managing foreign assistance programs. INL program officers do not receive training in program management before assuming responsibility for a foreign assistance portfolio. Similarly, new financial management analysts receive no formal training before becoming accountable for foreign assistance resource management. Basic INL project management training for new staff collides with urgent demands to become “operational.” Training is often deferred for months. Core training courses⁸ are offered online, but INL does not explicitly require program officers or resource management staff to complete these courses prior to assuming their duties.

The bureau has taken steps over the past year to identify and promote training and professional development. Notably, INL worked with George Washington University to create a 3-week Project Management Professional certification program. This course is not yet a requirement, but 45 Bureau employees have taken it and found it useful, recommending it to their colleagues. The INL Course Catalogue lists 20 INL-specific courses, but the bureau has no mandated curriculum. As a consequence, program officers and resource management staff manage complex demands for project design, monitoring, and evaluation, with varying levels of competence.

Exceeding Department standards, INL requires Individual Development Plans for its Civil Service positions and has achieved more than 90-percent compliance. (Foreign Service positions have annual Work Requirements Statements.) The bureau recently created and filled a Training Coordinator position, but the bureau has not yet established training and certification

⁸ PP 420 (INL Program and Project Management), PP 421 (INL Financial Management), and PP 422 (INL Contract Administration, Procurement Policies, and Procedures).

requirements for every position and it does not work with supervisors to ensure that staff receives necessary training in a timely fashion.

Guidance in 13 FAM 022.5 holds managers and supervisors responsible for determining the specific needs of their employees and ensuring that they receive training for effective job performance. Project design, contracting, monitoring, and evaluation are specialized skills that require strengthened staffing, training, and professional incentives.

Recommendation 18: The Bureau of International Narcotics and Law Enforcement Affairs should establish and track training and certification requirements for every position in the bureau. (Action: INL)

Foreign Service Institute Training

Several basic INL courses designed to train program officers in project management require updating to reflect new policies, doctrine, and procedures for project design and management.

Over the last 2 years, the bureau has issued numerous new guidebooks covering project design, results frameworks, and developing performance measurement plans. Recent revisions to the INL Financial Management Handbook and standard operating policies and procedures have covered monitoring and evaluation. The Department recently issued new guidelines on how to do program evaluation. This new material is not adequately reflected in online course content, some of which has not been updated since 2008. As a result, program officers are taking online courses that are out of date and do not reflect current program management guidance and standard operating policies and procedures. This creates confusion when staff try to apply what they learn to rapidly changing sets of requirements. The inconsistency between this online training and current project and program management requirements affects productivity and morale.

Recommendation 19: The Bureau of International Narcotics and Law Enforcement Affairs should update its existing Foreign Service Institute classroom and online training, in coordination with the Foreign Service Institute, to reflect updated guidance and procedures. (Action: INL, in coordination with FSI)

Bureau Communication

Despite a growing intranet site and frequent administrative notices, inspectors found that the bureau staff lacked information on front office decisions, priorities, and goals, as well as a sense of bureau mission and purpose. Prior to and during the inspection, RM updated or drafted a wide variety of new or modified standard operating policies and procedures. Inspectors found that in many cases, program officers were unaware of these documents.

Recommendation 20: The Bureau of International Narcotics and Law Enforcement Affairs should create and circulate a monthly internal bureau report to address policy and program management issues, as well as personnel-related developments and decisions. (Action: INL)

The Office of Policy, Planning, and Coordination launched a monthly electronic newsletter, the BEAT, in January 2013. INL describes its mission as “informing the general

public about INL's work" as well as "to share success stories and updates" within the bureau. The BEAT serves no practical internal information purposes, and INL has not defined the external target audience for this publication.

Recommendation 21: The Bureau of International Narcotics and Law Enforcement Affairs should revise the mission and objectives of its BEAT newsletter so that it is targeted to the appropriate external audiences and conduct a survey of external recipients to gauge its effectiveness and guide revisions. (Action: INL)

Records and Files

Project Files

Inspectors requested that INL produce a list of all projects that were active in FY 2013. The bureau was not able to do so. Instead, it provided a list of 1,577 projects to which it had allocated funds in FY 2013. From this list, OIG selected 72 project files that represented nearly 50 percent of the \$1.1 billion allocated in FY 2013. Inspectors determined that most of the files did not contain all required documentation, including performance metrics, regular reporting by implementers on performance, and performance monitoring by INL, as Department regulations require. The designation of contracting officer's representatives and grants officer representatives in the project files was often incorrect and outdated. The contracting officer's representatives and grants officer representatives files were also incomplete and inconsistent across the different program offices.⁹

INL does not have a standard system for maintaining project files. Without accessible and complete project files, INL managers cannot effectively monitor and evaluate projects. According to bureau policy, effective monitoring and evaluation allows the bureau to: determine whether projects are achieving their goals and adjust projects as necessary; plan effective programs; report program results to key stakeholders and oversight entities; justify resource requests; promote necessary changes in partner support; and contribute to constructive policy dialogue within the U.S. Government, civil society, and international fora.

Recommendation 22: The Bureau of International Narcotics and Law Enforcement Affairs should standardize procedures for the maintenance of project files and hold accountable those assigned responsibility for maintaining project files by including project file maintenance in their work requirements and performance reviews. (Action: INL)

Records Management

INL lacks an effective records management program that clearly establishes the procedures for records identification, storage, organization, and retention, as required by 5 FAM 414.4. Files and records are stored in several locations—the bureau's network shared drive, SharePoint document libraries, personal emails, hard drives, and on paper. In early 2014, INL began working with the Bureau of Administration to realign its records management processes. The Department specifies that files be organized by year, using standardized terms so that files are readily accessible and that new personnel can locate needed information

Recommendation 23: The Bureau of International Narcotics and Law Enforcement Affairs should implement a records management program that includes procedures for records identification, storage, organization, retention, and retirement. (Action: INL)

⁹ A March 2014 OIG Management Alert (MA-A-0002) identified significant vulnerabilities in the management of contract file documentation that could expose the Department to substantial financial losses.

Information Management

The newly appointed Information Management (IM) division director has focused on defining the office's support functions and aligning them with the bureau's goals. He has also made customer service a priority by soliciting feedback from INL offices.

Information Technology Strategic Planning

INL lacks an updated information technology strategic plan establishing objectives to improve the bureau's IM tools. According to 5 FAM 1010, an information technology strategic plan is a long-term, high-level plan that defines a systematic way for a bureau or office to use technology to accomplish mission goals and objectives. An updated information technology strategic plan, endorsed by management, would also define performance metrics and ensure that projects are consistent with the 5 FAM 1010 criteria.

Recommendation 24: The Bureau of International Narcotic and Law Enforcement Affairs should establish an information technology strategic plan that outlines the Information Management mission and objectives. (Action: INL)

Knowledge Management Initiative

In 2013, INL launched a Knowledge Management Initiative to facilitate sharing, reusing, and archiving information and processes. INL's SharePoint site is the primary platform for the Knowledge Management Initiative. IM staff adapted the SharePoint site to standardize bureau pages, create repositories for commonly used processes, and add complex workflows to automate business processes and calculate fiscal data. INL staff has started to use SharePoint to collaborate, task, share, and communicate information across the bureau.

Interagency Agreement System

INL uses interagency agreements (IAA) as its primary mechanism for funding projects by other government agencies, primarily the U.S. Department of Justice and the U.S. Department of Homeland Security. Concluding these agreements has been time-consuming and cumbersome, often requiring as long as 9 months. INL used three separate systems to administer IAAs with information routed through email. In early 2014, INL established a knowledge management team to streamline the IAA process and ensure transparency, accountability, and oversight. During the inspection, the knowledge management team launched the iTrack system for interagency agreements. On the basis of early feedback, iTrack could fundamentally change the way INL manages the IAA process and provide a model for other INL operations.

[Redacted] (b) (5)



[Redacted] (b) (5)

[Redacted] (b) (5)

Global Project Management and System Analysis

In 2012, INL established the Global Project Management and System Analysis program in RM's Information Management Division to provide information technology technical assistance for INL overseas projects that have an information technology component. This is the only technical assistance function RM manages. A separate functional office in the bureau is responsible for providing subject matter expertise to INL projects. Inspectors identified weaknesses in allocating program resources, planning, oversight, accountability, and the overall management of this program. The program's project plans and trip reports lacked standardization and several projects had incomplete or missing documentation.

Recommendation 26: The Bureau of International Narcotics and Law Enforcement Affairs should clearly define the objectives of the Global Project Management and System Analysis program and determine how best to fulfill the requirements for information technology technical assistance. (Action: INL)

Security Management

A bureau security officer provided by the Bureau of Diplomatic Security (DS) administers the INL security program. The INL Deputy Executive Director for Resource Management is responsible for the bureau's security program and for providing day-to-day direction to the bureau security officer. The bureau security officer's rater and reviewing official are DS employees. This arrangement has proven to be difficult to manage. Limited interaction between RM and the bureau security officer highlights a lack of program structure and support. The bureau security officer is located in State Annex 22, detached from management and most employees, making it difficult for the bureau security officer to interact with them.

DS and RM are in the process of formalizing a memorandum of agreement defining bureau security officer support. The memorandum of agreement is intended to clarify roles and responsibilities, reinforce the INL security program, and lay the groundwork for much-needed structure.

Recommendation 27: The Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the Bureau of Diplomatic Security, should complete a memorandum of agreement on bureau security officer support. (Action: INL, in coordination with DS)

Security alarm systems are not tested annually in accordance with Department requirements. Guidance in the Physical Security Standards for Department of State Domestic Occupied Space, dated June 28, 2010, require the unit security officer to walk-test annually the intrusion detection systems. This practice is not being conducted and documented, calling into question whether the alarms actually work.

Recommendation 28: The Bureau of International Narcotics and Law Enforcement Affairs, in conjunction with the Bureau of Diplomatic Security, should test annually its security alarm systems. (Action: INL, in coordination with DS)

List of Recommendations

Recommendation 1: The Bureau of International Narcotics and Law Enforcement Affairs should divide the Office of Resource Management into three offices: an Office of the Comptroller; an Office of Strategic Planning and Budgeting; and an Executive Office—all three reporting to the same deputy assistant secretary. (Action: INL, in coordination with DGHR)

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs should move the Public Affairs and Public Diplomacy unit to the front office. (Action: INL)

Recommendation 3: The Bureau of International Narcotics and Law Enforcement Affairs should reorganize the Office of Anticrime Programs; the Office of Criminal Justice and Assistance Partnerships; and the Office of Policy, Planning, and Coordination into two offices, one of which should be responsible for policy direction and coordination and the other responsible for training, justice system subject matter expertise, and technical assistance. (Action: INL, in coordination with DGHR)

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the Bureau of Human Resources, should divide the Office of Africa and Middle East Programs into two separate geographic offices. (Action: INL, in coordination with DGHR)

Recommendation 5: The Bureau of International Narcotics and Law Enforcement Affairs should systematically record and disseminate policy and program decisions and taskings, including those issued in front office meetings. (Action: INL)

Recommendation 6: The Bureau of International Narcotics and Law Enforcement Affairs should require that each regional program office develop country plans in alignment with Integrated Country Strategies and other applicable strategic planning instruments, integrating performance information, for every country in which it conducts programs or projects. (Action: INL)

Recommendation 7: The Bureau of International Narcotics and Law Enforcement Affairs should develop sustainability guidance that includes best practices and contains standardized metrics that are required for performance measurement plans. (Action: INL)

Recommendation 8: The Bureau of International Narcotics and Law Enforcement Affairs should use full and open competition as the default mechanism for awarding grants and cooperative agreements. (Action: INL)

Recommendation 9: The Bureau of International Narcotics and Law Enforcement Affairs should define specific roles and responsibilities for program management across the life cycle of a program, both in Washington and overseas. (Action: INL)

Recommendation 10: The Bureau of International Narcotics and Law Enforcement Affairs should standardize its process for drafting, testing, disseminating, and implementing all new program management policies and procedures. (Action: INL)

Recommendation 11: The Bureau of International Narcotics and Law Enforcement Affairs should make compliance with its *Standard Operating Policy/Procedures on Monitoring and Evaluation* mandatory. (Action: INL)

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Recommendation 14: The Office of Management Policy, Rightsizing, and Innovation, in coordination with the Bureau of U.S. Foreign Assistance Resources, the Bureau of the Comptroller and Global Financial Services, and the Bureau of Information Resource Management, should convene a working group with a mandate to adapt existing Department systems or to adopt or develop an alternative system that would provide timely, accurate information needed to manage foreign assistance. (Action: M/PRI, in coordination with F, CGFS, and IRM)

Recommendation 15: The Bureau of Administration should revise the Bureau of International Narcotics and Law Enforcement Affairs contracting warrants to increase warrant levels to \$6.5 million for commercial items, \$1 million for non-commercial items, and up to the maximum limitation for orders under existing contracts and should grant these warrants to four Bureau of International Narcotics and Law Enforcement Affairs contracting officers. (Action: A)

Recommendation 16: The Bureau of Administration, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should revise the service level agreement provision for quarterly reviews to include both an accounting of time AQM devoted to INL service during the previous quarter and an accounting of turnaround time for each transaction, so that both parties can assess whether the level of service provided is adequate in relation to the fees paid. (Action: A, in coordination with INL)

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Recommendation 18: The Bureau of International Narcotics and Law Enforcement Affairs should establish and track training and certification requirements for every position in the bureau. (Action: INL)

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Recommendation 23: The Bureau of International Narcotics and Law Enforcement Affairs should implement a records management program that includes procedures for records identification, storage, organization, retention, and retirement. (Action: INL)

Recommendation 24: The Bureau of International Narcotic and Law Enforcement Affairs should establish an information technology strategic plan that outlines the Information Management mission and objectives. (Action: INL)

[Redacted] (b) (5)

Recommendation 26: The Bureau of International Narcotics and Law Enforcement Affairs should clearly define the objectives of the Global Project Management and System Analysis program and determine how best to fulfill the requirements for information technology technical assistance. (Action: INL)

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Recommendation 28: The Bureau of International Narcotics and Law Enforcement Affairs, in conjunction with the Bureau of Diplomatic Security, should test annually its security alarm systems. (Action: INL, in coordination with DS)

Principal Officials

	Name	Arrival Date
Assistant Secretary	William R. Brownfield	01/11
Principal Deputy Assistant Secretary	Carol Z. Perez	12/13
Deputy Assistant Secretary	M. Brooke Darby	03/11
Deputy Assistant Secretary	Todd D. Robinson	07/11
Deputy Assistant Secretary	Luis E. Arreaga	11/13
Office of Anticrime Programs	John M. Brandolino	02/13
Office of Policy, Planning and Coordination	Eric F. Green	08/13
Controller/Executive Director, Resources and Management	James A. Walsh	02/13
Office of Europe and Asia Programs	George P. Kent	07/12
Office of Western Hemisphere Programs	James B. Story	08/13
Office of Afghanistan and Pakistan Programs	James P. Dehart	11/13
Office of Africa and Middle East Programs	Lisa A. Johnson	05/12
Office of Criminal Justice and Assistance Partnerships	Michelle Greenstein, Acting	11/13
Office of Aviation	Donald W. Campbell, Acting	04/14

Appendix: Human and Financial Resources

INL Staffing							
U.S. Staff– Domestic	Foreign Service	Civil Service	3161s	WAE	Detailees	Students/Interns	Total
	29	277	0	14	9	3	332
U.S. Staff– Overseas	Foreign Service	Civil Service Excursions	3161s	WAE			Total
	91	2	0	0	0		93

Resources Controlled by INL (in thousands)*	
Funding Description	Amount
Operational Funding for Full-Time Equivalents in Office of Anti Crime Programs (FY 2013 Diplomatic and Consular Programs)*	\$862
FY 2013 Representation Funds**	\$17
FYs 2012–13 International Narcotics Control and Law Enforcement Affairs***	\$1,610,905
FYs 2012–13 Transfers-In Economic Support Funds****	\$11,100
FYs 2012–13 Reimbursements Received by the Bureau of International Narcotics and Law Enforcement Affairs*****	\$47,520
Total	\$1,670,404

*Diplomatic and Consular Programs and Representational funds are accounted for on annual fiscal year appropriation basis; INCLE and Transfers/Reimbursements are accounted for on a 2-fiscal year appropriation basis.

**INL received \$16,755 in representation fund but spent \$12,617.63.

***Represents FY 2012/2013 appropriated INCLE funds.

****Represents FY 2012/2013 Transfers into INL.

*****Represents FY 2012/2013 Reimbursements that INL received.

Abbreviations

AQM	Bureau of Administration, Office of Acquisitions Management
DAS	Deputy assistant secretary
Department	U.S. Department of State
DS	Bureau of Diplomatic Security
FAM	<i>Foreign Affairs Manual</i>
IAA	Interagency agreement
IM	Information management
INCLE	International Narcotics Control and Law Enforcement
INL	Bureau of International Narcotics and Law Enforcement Affairs
OIG	Office of Inspector General
QDDR	Quadrennial Diplomacy and Development Review
USAID	United States Agency for International Development



**FRAUD, WASTE, ABUSE,
OR MISMANAGEMENT
OF FEDERAL PROGRAMS
HURTS EVERYONE.**

CONTACT THE
OFFICE OF INSPECTOR GENERAL
HOTLINE
TO REPORT ILLEGAL
OR WASTEFUL ACTIVITIES:

202-647-3320

800-409-9926

oighotline@state.gov

oig.state.gov

Office of Inspector General
U.S. Department of State
P.O. Box 9778
Arlington, VA 22219